

DMA Audit Section
Hospital Based Nursing Facility
Guidance for Cost Report Preparation
For FYE 2008





North Carolina
Department of Health and Human Services
Division of Medical Assistance
Audit Section

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Michael F. Easley, Governor
Dempsey Benton, Secretary

Mark T. Benton, Director
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August 28, 2008

Dear Hospital-Based Nursing Facility:

In accordance with the Reimbursement Plan for Nursing Facilities, the software for the 2008 Medicaid cost reporting forms are available on the Division of Medical Assistance Web page at <http://www.ncdhhs.gov/dma>.

The downloadable FoxPro software will enable you to input and generate your 2008 Medicaid cost report. The User's Guide includes instructions for generating a blank cost report and inputting data to generate your completed cost report. **The furnished software is not to be modified in any manner.**

We have also made available software for those facilities required to file a home office cost report. See [NF Home Office Cost Statement Instructions](#) for details.

There are important requirements if you have business transactions with related organizations. Please read the Guidance for Cost Report Preparation for instructions in submitting additional documentation with the cost report if a nursing facility is claiming a related organization is 'non-related by exception' pursuant to CMS Pub 15, Section 1010.

Hospital-based Nursing facility cost reports must be filed no later than five months (150 days) after the facility FYE or concurrently with the Medicare cost report. We do **not** plan to issue any extensions from this date. The cost report disk file (3½" diskette) must be mailed along with the items on the enclosed checklist to:

US Mail

Audit Section
Division of Medical Assistance
2501 Mail Service Center
Raleigh, North Carolina 27699-2501

Alternate Shipping

Audit Section
Division of Medical Assistance
One Bank of America Plaza
421 Fayetteville St.
Raleigh, NC 27601

You must indicate on the filed working trial balance the line number on which the account number is included on Schedule A (expenses), Schedule F, Part 1 (balance sheet), and Schedule G (revenues). A copy of the facility's midnight census and a copy of the facility's Medicare cost report must also be included. Cost reports filed without proper cross-referencing or missing the midnight census or Medicare cost report will be deemed incomplete and delinquent.

If a settlement is due the Medicaid Program, remit amount under separate cover to:

DHHS – Controller's Office
DMA – Accounts Receivable
2022 Mail Service Center
Raleigh, North Carolina 27699-2022

***Make checks payable to:
Division of Medical Assistance***

The Division of Medical Assistance may withhold up to twenty percent (20%) per month of a nursing facility's payments for **failure to file** a completed cost report by the deadline.

Below, we have furnished Guidance for Cost Report Preparation to assist you in preparing the cost reporting forms in accordance with our requirements. Also, Frequently Asked Questions (FAQs) can be accessed at <http://www.ncdhhs.gov/dma/audit.htm>. If you have questions regarding the software or its operations, please contact a Computer Consultant at the Division of Information Resource Management (DIRM) at (919) 855-3200. If you have questions regarding the cost reporting forms, please contact the DMA Audit Section via e-mail at Mike.DAlessio@ncmail.net or by telephone at (919) 647-8060.

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Cost Report / State Plan Changes

With the new case-mix reimbursement methodology, the distinction between INC and SNC levels of care for days, cost, and charges has been removed. Former INC and SNC levels of care are now represented by a single Nursing level of care on the cost report. As the fiscal intermediary has not yet merged these former INC and SNC provider numbers, we require the providers to still input both INC and SNC assigned provider numbers on the General Information Schedule.

The cost report software has been modified to accept the new National Provider Identifier (NPI) number per HIPAA regulations. You must enter both the old N.C. Medicaid provider numbers as well as the new NPI number to ensure proper matching for all claims processed by the Intermediary. If you do not have an NPI number at this time, be aware CMS is requiring all providers to be in compliance by May 23, 2008. Visit the CMS website for more information at [NPI Overview](#).

Schedule E, Part II will not be used in Fiscal Year 2008 and is deactivated.

Midnight Census – A full copy of the provider’s original midnight census **must** be filed with the cost report. The days input on the Monthly Census Summary Schedules shall agree with the midnight census furnished by the provider.

Chart of Accounts – The Chart of Accounts was revised to accommodate the new reimbursement methodology in 2004 and minor clarification changes were made for FY 2005. See further explanation below under section for Schedule A.

Direct Care Patient Equipment – With the new reimbursement methodology and corresponding chart of accounts, DCPE is no longer segregated as a direct cost. Each cost center allows for the direct expenditure of equipment which does not meet the capitalization threshold described in the Chart of Accounts.

File Copy of Adult Care Home Cost Report. Combination facilities with Adult Care Homes must file a copy of their Adult Care Home Cost Report and completed Agreed Upon Procedures with their nursing facility cost report.

Cost Reporting Software is Now Available Online – Providers may download the 2008 version of the Hospital-based Nursing Facility cost reporting software and instruction manual by accessing the DMA web site at <http://www.ncdhhs.gov/dma/>.

Frequently Asked Questions – Frequently Asked Questions (FAQs) can be accessed at <http://www.ncdhhs.gov/dma/audit.htm>.

Internal Control Questionnaire – The Internal Control Questionnaire is available on the furnished software. Please answer all questions with a “YES”, “NO”, or a remark in the “REMARKS” section. Please refer to the software’s user manual for further instructions.

{NOTE} The Fair Rental Value system is currently pending CMS approval. Settlement will be made on a supplemental form outside the cost report upon approval. Providers must complete the North Carolina Medicaid Capital Data Survey per the North Carolina State Plan, Attachment 4.19-D Section .0104(a). The forms and information about prior surveys may be found on the DMA website at:

<http://www.dhhs.state.nc.us/dma/Forms/capitaldata/capitaldata.htm>

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General Information

Type of Facility – The former selection of INC and SNC as a type of facility has been replaced with the selection of Nursing. Continue to select Ventilator Service, Head Injury Service, or Adult Care Home as appropriate.

Type of Facility – Providers must answer the question if they are licensed as a Continuing Care Retirement Community by the Department of Insurance. License number is subject verification.

Nursing Facility Licensure Number / Adult Care Home Licensure Number. The provider must enter the Nursing Licensure Number and Adult Care Home Licensure Number issued by the Division of Health Service Regulation, as applicable to combination facilities, on the General Information Schedule. Use the hyperlink below to access the DHSR web site to locate the correct data for your facility.

<http://www.ncdhhs.gov/dhsr/reports.htm>

The name of the facility must agree with name on the current Participation Agreement.

We require providers to review prior year desk and field audited cost reports and incorporate any applicable adjustments and/or recommendations into the 2008 cost report. (See CMS Pub 15, Section 2905.2.)

Cost reporting period of a new nursing facility **must** begin with date of certification and end with the appropriate FYE for 2008.

Facility Statistics Schedule

Data Input in Facility Statistics Schedule – Only Beds Available and Bed Days Available are to be input on the Facility Statistics Schedule. Patient Day information must now be entered on the applicable Monthly Census Summary Schedules (Nursing, Ventilator, Head Injury, and Adult Care Home). Again, please note that former INC and SNC levels of care are combined into Nursing.

Monthly Census Summary Schedules

All Days – these must agree to the days on the provider's original full midnight census, a copy of which must be filed with the cost report.

Nursing Care – Former INC and SNC levels of care are combined on this schedule for Nursing Care.

Nursing Care - Hospice Days – Hospice Days must be separately identified.

All Schedule - Other Days – for clarification, if Other Days are identified, the provider must furnish an explanation of these days.

Therapeutic Leave and Reserve Bed Days must be identified in the appropriate columns on the Monthly Census Summary Schedules.

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Schedule A

Schedule A Cost Centers, Cost Account Descriptions, and Cost Account Line Numbers have been revised to accommodate the new case mix reimbursement methodology effective 10/1/2003. Please note the distinction between case mix indexed cost accounts and non-case mix indexed cost accounts. Similar to FY03 and prior years, if the providers have the documentation to support direct coding of these costs, the DMA Chart of Accounts identifies direct coding of these expenses in lines A426 – A456. If providers do not have adequate records to support direct coding of these costs, then they must be identified as General Service Nursing costs in lines A101 – A145. These changes are reflected in the DMA Chart of Accounts which is posted on the website

<http://www.ncdhhs.gov/dma/icfmr/HB05Chart.pdf>

Line 98, Cafeteria, is a new cost center added to Schedule A to properly allocate benefits based on FTE.

Line 551, Total of All Cost Centers, Column 3, should agree with the total amount on the facility's trial balance and Total Cost on Worksheet A of the Medicare cost report.

The Hospital-based NF software was changed and Lines 532 through 545 were replaced by the new Supplemental Schedule A form. This new schedule allows the user to report all non-reimbursable cost centers and line items that are not identified on Schedule A, Line 1-Line 531. The new input screen will allow the user to key a complete working trial balance for a typical hospital. The new schedule also permits the user to enter individual line item descriptions along with any necessary reclass or adjustment according to the user's needs.

Note: Detailed instructions for the new Supplemental Schedule A may be obtained by using the following web link-- [Supp Sch A & B-1 Instructions](#)

Schedule A has been updated to input the average number of employees (or Full Time Equivalents {FTEs}) for paid employees in each cost center. Do not input FTEs for nonpaid workers. To determine FTEs, take the total number of hours worked by all employees in the cost center for the cost reporting period and divide by the standard number of hours for a full-time employee in the cost reporting period. (i.e. Full-time employee standard hours amount to 40 hours per week. Cost reporting period is 52 weeks. 40 hours x 52 weeks = 2080 standard number of hours for full-time employee for a twelve-month period.) Enter the FTEs per cost center salary lines in Column 8.

Furnish explanation for all negative expense amounts on column 7 except for the Revenue Offset amount. Written explanations should be submitted with the cost report at the time of filing.

Please report MDS Coordinator's salary and wages on line A118.

{NEW} Provider Healthcare Assessment should be reported on Schedule A, Line 261. Please eliminate this payment through a Schedule A-2 entry. This will not negatively impact settlement to the facility and will assist DMA in future cost analysis.

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Schedule A continued

The total of Central Office Overhead – line A232, and directly allocated home office costs coded to other accounts must agree with home office cost on Schedule A-4, column 5 and Schedule A-5, line 2C.

The total of Mortgage/Fixed Asset Interest – line A8, Interest-Operating – line A256, and Interest/Fixed Assets – line A411, and automobile interest expense identified on line A45 must agree with interest on Schedule H, column 9, (Total Line).

Pre-employment screening costs incurred by nursing facilities for employees whose benefits are reported in direct cost centers may be reported as direct costs.

Identification for specific costs:

- An administrator of the nursing facility is identified in the Administrative and General cost center.
- Central supply service cost for employee wages, etc. is to be identified in the Administrative and General cost center with the actual cost of billable medical supplies identified in the Billable Medical Supply ancillary cost center.
- Personnel department cost is identified in the Administrative and General cost center.
- If all payroll taxes and employee benefits are coded as an administrative and general expense, an allocation may be made based on salaries; and a reclassification may be made on Schedule A-1 or via the new Supplemental Schedule A form to reclassify these to the proper cost center. We prefer payroll taxes and employee benefits be directly identified to the applicable cost center.
- Direct expenses relating to a specific level of care, that should not be allocated to other departments, may be identified to that level of care.
- Indirect expenses, POU, OMP, and administrative, should not be identified to a specific level of care unless the level of care is in a non-reimbursable cost center.
- Physician fees are non-allowable; therefore, all physician fees should be identified in Physician Fees, a non-reimbursable cost center.

Schedule A-1

If you wish to reclass an item from Line 1 through 531 to another line item within the 1 to 531 range, you must use the regular Schedule A-1 screen. Reclassifications entered on Schedule A-1 will only flow to Schedule A, Column 4 and not to the new Supplemental Schedule A form. Each reclass is assigned an alpha letter for control. Enter a brief explanation for each reclassification. Enter Schedule A line numbers for the increase amounts and decrease amounts that must balance. The A-1 entry screen will only allow up to forty increases or decreases for any one reclass group action. A reclassification requiring more than forty increases or decreases **must** be divided into two or more reclassification groups.

If you wish to reclass an expense from a Line 532 “Other” non-reimbursable cost group line item to a regular Schedule A form line item number 1 to 531, you must use the new Supplemental Schedule A input screen. Reclassifications initiated via the Supplemental Schedule A will allow the user to reclass an increase or decrease to or from any Schedule A Line item 1-531.

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Schedule A-1 continued

Employee Benefits cost center is not a separate cost center on the Medicaid cost report. If the trial balance does not report employee benefits by cost center, employee benefits will need to be allocated based on salaries and reclassified on Schedule A-1.

Submit workpaper documentation for all reclassifications entered on Schedule A-1 with your cost report diskette.

Schedule A-2

Use preprinted line descriptions for applicable adjustments. For other adjustments, enter adjustment description, basis for adjustment, amount to be adjusted, Schedule A cost center and line number to be adjusted. An adjustment to reduce expenses must be input as a negative amount. The user must use the new Supplemental Schedule A input screen to initiate an adjustment to any non-reimbursable cost group line entry contained in "Other", Line 532 cost center. The regular Schedule A-2 input screen must be used for all other adjusting entries to Lines 1-531 found on the regular Schedule A form.

Schedule A-2 adjustments as well as the Supplemental Schedule A adjustments flow to Schedule A, Column 6. The total adjustment amount in Column 6, Line 532, must agree with Schedule A-2 total amount adjusted.

Legend Drugs expense is **not** to be removed on Schedule A-2.

Providers may **not** offset reserve bed revenues.

Healthcare Assessment reported on Schedule A, Line 261 should be removed on Schedule A-2.

Schedule A-3

All compensation paid to owners must be reported on Schedule A-3 and comply with regulations set forth in CMS Pub 15, Section 900.

Schedule A-4

All home office and related organization costs **must** be identified on this schedule, including those related organizations deemed non-related by exception. Cost reports submitted without all related organizations identified will be deemed incomplete.

A related organization cost report must be filed for all related organizations identified on Schedule A-4. For those related organizations that are deemed 'non-related by exception' pursuant to CMS Pub 15, Section 1010, we require the submission of the following information:

1. A written statement that the related organization is a bona fide separate entity.
2. Documentation to support that greater than 50% of the related organization's business is with unrelated organizations. Documentation will include, but not limited to, a written report showing year-to-date sales by customer for the entity. Related and non-related customers must be identified.

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Schedule A-4 continued

3. A written statement that the goods and services furnished are commonly obtained by nursing facilities from other organizations.
4. Documentation to support that there is an open competitive market for goods or services supplied, and they are furnished to the provider at prices comparable to those charged other customers. Documentation will include, but not limited to, price lists, invoices or other that support prices are the same for all customers.

A related organization must meet all four of the criteria at CMS Pub 15, Section 1010 to be deemed 'non-related by exception'. The above information must be submitted with the cost report at the time of filing. **Failure to submit the above information at the time of the cost report's filing date shall result in the disallowance of said costs.**

Schedule A-5

- Line 1: Enter "yes" or "no" as to whether home office expenses, franchise fees, and management fee costs are included in the cost to be reimbursed by the Medicaid program.
- Line 2A: Enter name and address of company that allocated cost, or received payment from the provider. If there is more than one company, Schedule A-5 Worksheet provides additional lines to enter this information.
- Line 2B: Enter the type of method used for allocations of costs and/or payments made to the above entered on Line 2A.
- Line 2C: Enter the total cost allocation, or total payments made for any or a combination to the above entered on Line 2A.
- Line 3A: Depreciation expense must be calculated on the **straight-line method**.
- Line 3B: Enter "yes" or "no" if there was an overall gain or loss on fixed assets disposed during the cost report period.
- Line 3C: Enter depreciation expense decreased (gain) or increased (loss) and the amount.

When home office/related organization costs are included, a home office cost report must be submitted with this report. This report will be considered outstanding until said cost report is submitted.

Schedule A-6

Beginning balances in column 1 must agree with prior year balances of Schedule F, Part I, column 1.

Schedule B-1

All statistics for allocating General Service Costs must be accurate, reliable, and identified on Schedule B-1 in accordance with the provisions outlined in Chapter 23 of the Provider Reimbursement Manual (CMS Pub 15).

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Schedule B-1 continued

- **Nursing Services** - Statistics for Nursing Services must be actual nursing hours by level of care or based on approved current periodic time studies per CMS Pub 15, Section 2313.2E.
- **Laundry & Linen** – Statistics to allocate Laundry & Linen costs must be based on pounds of laundry by level of care.
- **Statistics Based on Total Inpatient Days** - Statistics based on total inpatient days must **not** include days for therapeutic leave and reserve beds. Inpatient days used as statistics on Schedule B-1 must only include days in which patients are actually present in the facility.
- **Capital, OMP and Housekeeping** - Statistics based on square footage must agree with prior year field audited square footage unless prior approval has been granted by the Division of Medical Assistance.

Square footage statistics must be reported as follows:

- 1.) Actual square footage by cost center (Radiology, Laboratory, Physical Therapy, Occupational Therapy, Speech Therapy, Oxygen Therapy, Intravenous Fluids, Billable Medical Supplies, Parenteral/Enteral Therapy, Nursing Care, Adult Care Home, Adult Day Care, Barber/Beauty Shop, Vending, and Other). Square footage must be consistently identified by cost center as net or gross; or
- 2.) Actual square footage by cost center with square feet of inpatient routine care (Nursing Care, Vent, & Head Injury) allocated on patient days. (Square footage reported for Adult Care Home must be actual.) Square footage must be consistently identified by cost center as net or gross.

Schedule C

All charges reported on Schedule C and Schedule D must be supported by the provider's financial records including, but not limited to, patient logs reporting the ancillary services furnished by patient type and level of care. Failure to maintain proper documentation to support ancillary charges on Schedules C and D may result in the disallowance of ancillary costs. Note that former levels of care for INC and SNC are combined to Nursing Care.

Schedule D

Assure Health Care Program ancillary charges by level of care do not exceed total ancillary charges by level of care on Schedule C.

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Schedule E

Nursing Facility Rate and Settlement Data: Source of each data required for entry is the quarterly letter from DMA Rate Setting Section

- Enter the Health Care Assessment add-on (if applicable) to the provider's rate.
- Health Care Assessment Paid to DHHS Controller's Office – Enter the full amount paid by the provider to the DHHS Controller's Office for the Health Care Assessment on all non-Medicare days for the cost report period.

Computation of Direct and Indirect Costs – There is a new input screen for the Vent Services Prospective Rate and the Head Injury Prospective Rate. With the new reimbursement methodology effective 10/1/2003, these two levels of care are not cost settled, but paid a prospective rate.

Schedule F, Part I

Total Assets – line 57 must agree with Total Liabilities and Capital – line 96. If you have a difference due to rounding, adjust Retained Earnings – line 88 in order for these totals to agree.

The total of Notes and Loans Payable (Short Term) – line 63, Mortgage Payable – line 75, Notes and Loans Payable (Long Term) – line 76, and Loans from Owners – line 77 must agree with the total amount on Schedule H, column 7.

Schedule G

Assure Beginning Retained Earnings – line 1 agrees with Schedule G, Retained Earnings Balance End of Year – line 229 of the latest settled (desk or field audited) cost report for fiscal year ended September 30, 2007.

Line 1A has been added to identify financial audit adjustments made subsequent to the filing of the September 30, 2007 cost report. If an amount has been entered on this line, please furnish a separate written explanation for this adjustment.

Less Withdrawal – line 227 and Less Dividends – line 228 must have a negative amount if they are to be deducted from Net Income or Loss – line 226.

Line 204 is for the input of the nursing facility's investment/interest income derived from cash or other asset accounts diverted from patient care (i.e. invested funds, related party receivables, funded depreciation, etc.).

Line 205 is for the input of the nursing facility's interest income from cash accounts related to patient care. Line 235 is for the input of the nursing facility's portion of the interest income from cash accounts related to patient care in a home office/related organization. (See Home Office/Related Organization cost report, Schedule 9A.)

Interest/investment income shall **not** be reported on Schedule G, line 210 (Other Revenue).

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Schedule H

If the nursing facility reports borrowed funds on Schedule F, Part 1 or interest expense on Schedule A, then Schedule H must be completed. Automobile interest expense reported on Schedule A, Line 45 should be reported on Schedule H as a separate line item. Enter the description "AUTO DEBT" in the description field.

Schedule 9-A

Schedule 9-A has been added to the Home Office Cost Reporting Software and requests information with regard to funds maintained in interest bearing accounts by the home office. Interest income from cash accounts diverted from patient care will be computed and must be offset on the home office cost report against interest expense. Similarly, interest income from cash accounts related to patient care will be computed and must be identified in Line 235 of Schedule G at the facility level cost report.

Schedule of Nurse Aide Training Expenses

If Nurse Aide Training and/or Competency Evaluation was furnished by other than personnel of the nursing facility, list entity on line 16. The entity listed must be approved by the Division of Health Services Regulation to perform Nurse Aide Training.

On line 17 enter the names of the nurse aide trainers who received salaries/wages reported on lines 1, 2 and 3. Do not include the names of trainers who only furnished continuing education.

Medication Aide training expenses incurred after June 30, 2006 should be entered on this schedule along with Nurse Aide expenses.

Limitations

The following limitations have been established for nursing facilities for the 2008 fiscal year:

Director's Fee	\$2,400 annually or \$ 200 per meeting
Administrator's/Owner's Salary	\$57,097 - 1-50 beds \$69,336 - 51-99 beds \$73,414 - 100-149 beds \$79,006 - 150-199 beds \$89,724 - 200-249 beds

Home Office Cost Statement

Home office cost reporting software is available online. Providers may download the software and instruction manual by accessing the DMA web site at <http://www.ncdhhs.gov/dma/>.

Printing the Cost Report

Please use the '<Calculate>' option each time before printing the cost report.

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Filing the Cost Report

Hospital-based Nursing facility cost reports must be filed no later than five months (150 days) after the facility FYE or concurrently with the Medicare cost report. Extensions beyond this will not be granted. The Division of Medical Assistance may withhold up to twenty percent (20%) of a nursing facility's payments for **failure to file** a completed cost report.

{NEW} The software was changed in 2007 to add provisions to create files on computers not having a floppy drive. See 2008 Hospital-Based Nursing Facility Provider User Manual for more information.

Field Audits

If your nursing facility is chosen for a field audit, financial records supporting the cost report must be made available to the field auditors on an agreed upon time table. **Failure to furnish requested financial records may result in the repayment of all Medicaid monies.**

Other

Costs associated with the Eden Alternative are allowable in the Patient Activities cost center. Any Eden Alternative grant revenue received from the Division of Facility Services should be reported as a revenue offset on line A-214. Eden Alternative costs will be monitored by DMA for reasonableness.

Providers are required to disclose any operations not specifically addressed by the cost report which are not related to nursing facility patient care (i.e. Adult Day Health Care, Independent Living Units, etc.).

Questions About Cost Report Preparation?

If you have questions about the preparation of the cost reporting forms, please contact the DMA Audit Section at (919) 647-8060 or email Mike D'Alessio at Mike.DAlessio@ncmail.net

**Home Office and Related Organization
Invested Funds and Interest Income**

Name of Home Office/Related Organization _____ **Fiscal Period:** _____

1. Have invested funds been properly removed from home office and related organization cost reports?
Yes _____ **No** _____
2. Do the home office and/or related organizations maintain funds in an interest bearing account in which the funds are readily available for patient care (i.e. sweep account, money market account, investment checking account, etc.)?
Yes _____ **No** _____
If yes, continue with questions below:
3. Does the financial institution(s) require minimum balances be maintained? **Yes** _____ **No** _____

Identify aggregate monthly balances for the interest bearing accounts described above.

Ending Monthly Balance

June '07	_____
July '07	_____
August '07	_____
September '07	_____
October '07	_____
November '07	_____
December '07	_____
January '08	_____
February '08	_____
March '08	_____
April '08	_____
May '08	_____
June '08	_____
July '08	_____
August '08	_____
September '08	_____
October '08	_____
November '08	_____
December '08	_____

Minimum Monthly Balance

June '07	_____
July '07	_____
August '07	_____
September '07	_____
October '07	_____
November '07	_____
December '07	_____
January '08	_____
February '08	_____
March '08	_____
April '08	_____
May '08	_____
June '08	_____
July '08	_____
August '08	_____
September '08	_____
October '08	_____
November '08	_____
December '08	_____

4. Has the required minimum balance (or, if there is no required minimum, the amount not used for patient care for greater than six consecutive months) been removed from equity calculations on the home office and/or related organization cost report? (See CMS Pub 15, Section 1218.2) **Yes** _____ **No** _____
5. Identify the interest income applicable to the above described interest bearing accounts. _____
6. What portion of the interest income identified in Line 5 is attributable to the minimum balance described in Line 4?

(This amount must be offset against interest expense on the home office/related organization cost report.)
7. What portion of the interest income identified in Line 5 is attributable to the **amount in excess** of the minimum balance described in Line 4? _____
(This amount must be apportioned to the chain components. The amount allocated to each individual facility must be reported on the facility's Schedule G, line 235. See #9 below.)
8. Total interest income {line 6 + line 7} (must equal line 5 above). _____
9. The home office and/or related organization must prepare a worksheet showing the apportionment to each facility of interest income attributable to the balances in excess of the required minimum balances. **This worksheet must be filed with the home office/related organization cost report.** The basis used for allocation of the interest income is the ratio of home office/related organization costs allocated to each component to the total home office/related organization costs. If another basis of allocation is used, a detailed explanation of the allocation basis must accompany the filing of the worksheet.

Hospital Based Nursing Facility Cost Report Checklist FYE: 2008

The following items must be mailed along with the cost report disk file (3½” diskette):

- _____ One 3½” diskette containing the complete Cost Report for the facility compiled using the ‘Create Mail-in Diskette’ option
- _____ Signed and dated copy of the Information/Certification Form
- _____ North Carolina Medicaid Capital Data Survey 2008.
- _____ Diskette and Certification Form for the Home Office Cost Report, if applicable
 - *A paper copy of the Home Office and/or Related Organization cost report is required to be filed if DMA software is not used.*
- _____ Related Organization information (CMS Pub 15, Section 1010 criteria), if applicable
 - *This information is required if a facility has business transactions with a related organization deemed ‘non-related by exception’.*
- _____ A paper copy of the FY 2008 Medicare cost report **must** be mailed to DMA Audit Section with the regular fiscal year ending Medicaid cost report
- _____ A full copy of the provider’s original midnight census **must** be filed with the cost report.
- _____ Working Trial Balance with **annotated** cost report line numbers for both Medicare and Medicaid expenses and only Medicaid cost report line numbers for Schedule F, Part I, and Schedule G (preferably in Excel or Lotus spreadsheet format).
Warning -- Cost reports filed without this cross-referencing will be deemed incomplete and delinquent.
- _____ Home Office/Related Organization Schedule 9-A (Invested Funds and Interest Income), if applicable
 - *This includes a worksheet showing the apportionment of interest income to each facility*
- _____ Copy of contracts for new, renewed, or amended lease agreements
- _____ Explanation for adjustment made to Schedule G, Line 1A
- _____ Other information deemed necessary to supplement cost report information, for example:
 - *Explanation of unusual adjustments on Schedule A-2 or reclassifications on Schedule A-1*
 - *Explanation of unusual cost variances when compared to the prior year*
 - *Explanation of all negative expense amounts on Schedule A except for Revenue Offset entries*